

May 10, 2012

The Honorable Dave Camp
Chair
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Sander M. Levin
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Pat Tiberi
Chair
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard E. Neal
Ranking Member
Subcommittee on Select Revenue Measures
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Camp and Tiberi and Ranking Members Levin and Neal:

As you begin your review of tax extenders, we urge you to support extension of the New Energy Efficient Home Credit (Internal Revenue Code Sec. 45L). At a modest cost to the American tax payer, this incentive promotes the construction of highly-efficient new homes that create jobs in America's housing industry while saving homeowners money on their energy bills. We collectively represent businesses, non-profit organizations, states, and energy efficiency and environmental organizations that support this critical tax incentive.

Congress enacted the New Efficient Home Credit in 2005 with strong bipartisan support, but it expired at the end of 2011. Over the years, the New Efficient Home Credit has proven to be incredibly impactful at a modest cost. The incentive provided a \$2,000 credit for builders of homes that use 50 percent less energy for space heating and cooling, relative to the International Energy Conservation Code's (IECC) 2004 supplement. It also provided a tax credit of \$1,000 to manufacturers of ENERGY STAR-qualified manufactured homes. The incentive was therefore based on a new home's energy efficiency performance.

This performance-based tax credit has been successful in transforming the new homes market. As shown in the table below, the total number of new homes eligible for the credit grew four-fold between 2006 and 2009, despite the fact that total new home construction decreased and the credit's high efficiency requirements. Before Congress enacted the incentive, less than 600 homes had come even close to meeting this level. Additionally, energy-efficient homes gained a greater market share, as the number of homes eligible for the tax credit rose to 11 percent of new homes sold in 2011.

This tax credit has effectively lowered energy costs for American homeowners putting more money into local economies and making homeownership more affordable. It is critical that Congress extend the New Efficient Home Credit to increase the market share of new homes meeting the efficiency criteria of the incentive as the new home construction market rebounds from the recession.

Year	Number of Homes Verified as Eligible for Tax Credit	Percent of New Homes Sold Verified for Tax Credit
2006	7,110	.7%
2007	23,000	3%
2008	22,000	5%
2009	37,000	10%
2010	21,000	7%
2011	32,000	11%

Source: Residential Energy Services Network (2012)

Note: The number of homes dropped off in 2010 because the tax credit was not in effect when the builders were making decisions on energy efficiency; the incentive was only extended retroactively.

The New Efficient Home Credit has been highly effective in bringing innovative, high-efficiency homes into the marketplace. These homes save valuable energy and lower pollution at the same time. Homeowners then have more money to invest in their communities, creating local jobs and improving local economies. For these reasons, we urge you to extend the New Energy Efficient Home Credit.

Sincerely,

American Council for an Energy-Efficient Economy (ACEEE)
Alliance to Save Energy (ASE)
Air Conditioning Contractors of America
Bayer MaterialScience LLC
Blow-In-Blanket Contractors Association (BIBCA)
CertainTeed
Conservation Services Group
Council of North American Insulation Manufacturers Association
Efficiency First
Energy Future Coalition
Enterprise Community Partners
Environment America
Environmental and Energy Study Institute (EESI)
EPS Industry Alliance
Fresh Energy
Icynene Inc.
Institute for Market Transformation
Insulation Contractors Association of America (ICAA)
Knauf Insulation
Leading Builders of America
Manufactured Housing Institute
Masco Corporation
National Association for State Community Services Programs (NASCSPP)
National Association of Energy Service Companies (NAESCO)
National Association of Home Builders (NAHB)
National Association of State Energy Officials (NASEO)
National Electrical Manufacturers Association (NEMA)
National Lumber and Building Material Dealers Association
Natural Resources Defense Council (NRDC)
Owens Corning
Residential Energy Services Network (RESNET)
Sierra Club

Southern Alliance for Clean Energy
Spray Polyurethane Foam Alliance (SPFA)
The Dow Chemical Company
The Polyisocyanurate Insulation Manufacturers Association (PIMA)
Thermafiber, Inc.
Tile Roofing Institute
U.S. Green Building Council
Window and Door Manufacturers Association